

Abstract

In this master thesis I focus on the topic of tax optimization in relation to legal entities. Thus the thesis covers the topic of a tax optimization of legal entities, possibilities of international tax planning and also a tax optimization of an income of legal entities owners. I chose this topic because of a personal interest in the area of taxes, but also because of a growing up-to-dateness and recent dynamic development. Especially the area of international tax planning experiences significant changes these times. The speed, by which the situation in tax planning is being changed, is one of the reasons, why this area is not very transparent for tax payers and legal entities owners and they do not orientate here very well. I would be very glad, if this thesis contributed to a clarification of certain confusing and difficult to understand parts of the tax system and unhide possibilities for legal entities and their owners for financial savings. Last but not least I would like to join the discussion about possible revision and imperfection of the current tax system.

Goal of the thesis is to analyse possibilities of tax optimization for legal entities with an overlap to possibilities of tax optimization for legal entities owners. In this sense, it is also a goal of this thesis, to find the income distribution tax optimum for legal entities owners. The last goal is then, based on the previous analysis, evaluate the current legal tax system in the Czech Republic and think about the possible solutions in certain areas *de lege ferenda*.

The thesis is split into the introduction, theoretical part, practical part, chapter about possible system changes *de lege ferenda* and the conclusion.

The theoretical part first defines the difference between tax optimization and tax evasion. Next it creates basis for thesis goals fulfilment by tax definition, initial tax construction parts description, function specification and detailed tax system explanation. In conclusion the contracts against double taxation are discussed.

The practical part focuses fully on the main goals of this thesis. For a better understanding there are a lot of practical examples used in this part.

The first chapter of this part of the thesis focuses on tax optimization for legal entities. The optimization through depreciation and tax loss is illustrated and described, also the impact of employing people with lower physical or mental skills is calculated and the advantages of certain employee benefits groups are analysed in details.

The second chapter of the practical part analyses possibilities of international tax optimization. Types of tax heavens are described. Because the main and most common profit transfer method is transfer pricing, the major part of this chapter is focused on the topic of

transfer prices. Transfer prices are becoming a symbol of financial offices fight against the tax optimization. That is also why the judicature in this area was discussed in details. The tax system of the Republic of Cyprus was analysed as a potentially interesting destination for tax optimization. The whole chapter is summarized by a complex practical example, which contains the process and consequences of profit transfer back to the Czech Republic as well.

In the third chapter of the practical part of the thesis the income of the legal entity owner is being optimized. Based on the legal options analysis, the author of the thesis developed a calculator, which finds the most optimal income distribution between salary and profit contribution payment under given conditions. The economical sense of profit contribution payment is discussed as well.

The last chapter of the thesis contains several proposals of problematic areas in the legal tax system *de lege ferenda*. These thoughts come from the theoretical basis in the first part of this thesis and the analysis of legal entities tax optimization possibilities described in the practical part.

In the conclusion of the thesis the main outcomes of the chapters and their contributions to the thesis goal fulfilment are summarized. Al in all this master thesis accomplished its goals and on the basis of the theoretical part and practical application, I hope, clarified the possibilities of the tax optimization for legal entities and their owners and also contributed to the discussion about the current legal tax system.